

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF LOUISVILLE	)	
GAS AND ELECTRIC COMPANY FOR	)	
AN ORDER AUTHORIZING THE ISSUE	)	CASE NO. 9356
OF SECURITIES AND THE ASSUMPTION	)	
OF OBLIGATIONS	)	

O R D E R

On June 6, 1985, Louisville Gas and Electric Company ("LG&E") filed an application seeking authority to issue First Mortgage Bonds, Pollution Control Series J, ("First Mortgage Bonds") in a principal amount not to exceed \$55,000,000. In connection with this issuance, LG&E also sought authority to enter into a loan agreement with Jefferson County, Kentucky. Under the loan agreement, Jefferson County would issue and sell \$55,000,000 of its Pollution Control Revenue Bonds, 1985 Series A, ("Jefferson County Bonds") and loan the proceeds to LG&E. LG&E's First Mortgage Bonds would be held by the Jefferson County Trustee to secure the loan. LG&E would use the funds from the loan to finance pollution control equipment.

The Jefferson County Bonds will be sold in an underwritten public offering, a negotiated sale or a private placement transaction. The terms and interest rate will be determined on the basis of negotiations among LG&E, Jefferson County and the purchasers. At the time the application was filed, the interest rate was unknown.

On June 18, 1985, LG&E filed an amended application seeking authority to issue First Mortgage Bonds in a principal amount not to exceed \$65,000,000. At the time the amended application was filed, the interest rate was still unknown.

In a letter dated June 26, 1985, LG&E advised the Commission that the Jefferson County Bonds would probably bear an interest rate of approximately 9-3/8 percent. LG&E did not expect the actual interest rate to exceed 10 percent.

The Commission, after considering the application and all the evidence of record and being advised, is of the opinion and finds that LG&E's proposed issuance of First Mortgage Bonds, in a principal amount not to exceed \$65,000,000, and the loan agreement with Jefferson County, Kentucky, are for lawful objects within the corporate purposes of its utility operations, are necessary and appropriate for and consistent with the proper performance of its service to the public and will not impair its ability to perform that service, and are reasonably necessary and appropriate for such purposes.

IT IS THEREFORE ORDERED that LG&E be and it hereby is authorized to issue First Mortgage Bonds in a principal amount not to exceed \$65,000,000.

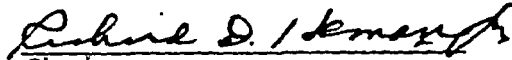
IT IS FURTHER ORDERED that LG&E be and it hereby is authorized to enter into a loan agreement with Jefferson County, Kentucky, with terms as set out in the application and an interest rate payable by LG&E not to exceed 10 percent.

IT IS FURTHER ORDERED that the proceeds from the loan agreement authorized herein shall be used only for the lawful purposes as set out in the application.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 1st day of July, 1985.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

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Secretary